

## **EXHIBIT 3**



March 31, 2006

Independent Auditor to the Master Settlement Agreement  
PricewaterhouseCoopers LLP  
1201 Louisiana Street, Suite 2900  
Houston, Texas 77002  
ATTN: Ryan Harrell  
Fax number: (713) 356-6000

Re: Notice of Dispute Regarding Independent Auditor's Notice of  
Final Calculations for the Tobacco Litigation Master  
Settlement Agreement Subsection IX(c)(1) Account Payments  
Due April 15, 2006 – Notice ID: 0198

Dear Mr. Harrell:

Commonwealth Brands, Inc. ("Commonwealth"), a Subsequent Participating Manufacturer ("SPM") under the Tobacco Litigation Master Settlement Agreement ("MSA"), submits this notice of dispute pursuant to Subsection XI(d)(6) of the MSA. Commonwealth submits this letter to preserve its rights under the MSA. Commonwealth reserves all of its rights to dispute any and all calculations and methodology used in arriving at the payment amount at any point in the payment process, and otherwise as permitted by the MSA and applicable law.

Without limiting its rights to dispute other aspects of the Independent Auditor's calculations and methodology, Commonwealth disputes the Final Calculations on the following grounds:

Independent Auditor  
March 31, 2006  
Page 2

1. *Commonwealth Disputes Amounts Related to NPM Adjustment for 2005*

Without limiting its rights to dispute other aspects of the Independent Auditor's calculations and methodology, Commonwealth disputes \$24,290,450.63 of the Final Calculation, related to the NPM Adjustment for 2005. (Notice ID: 0198, at Attachment 6.) For the reasons stated in its previous notices and submissions on this subject,<sup>1</sup> Commonwealth is entitled to at least \$24,290,450.63, as an NPM Adjustment for 2005. (Commonwealth also continues to dispute at least \$29,406,331.24, its NPM Adjustment for 2004.)

2. *Commonwealth Disputes Amounts Related to NPM Adjustment for 2003*

Without limiting its rights to dispute other aspects of the Independent Auditor's calculations and methodology, Commonwealth disputes \$31,487,243.57 of the Final Calculation, plus interest at the prime rate, related to the NPM Adjustment for 2003. For the reasons stated in Commonwealth's previous notice dated March 16, 2006 and all the notices and letters listed in note 1 hereto, the Auditor's calculations should have reflected an offset for that amount.

3. *Commonwealth Disputes The Independent Auditor's Failure to Provide Commonwealth With the Same Favorable Payment Treatment Accorded to General Tobacco*

Without limiting its rights to dispute other aspects of the Independent Auditor's calculations and methodology, Commonwealth disputes \$225,385,179.93 of the Final Calculation, related to the Auditor's failure to provide the Participating Manufacturers with the same favorable treatment provided to SPM General Tobacco, as required by MSA art. XVIII(b)(4). For the reasons stated in its March 16, 2006 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0185, Commonwealth should receive the same favorable treatment as General Tobacco.

---

<sup>1</sup> Those notices and submissions include at least the following: (1) Commonwealth's March 16, 2006 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0185; (2) Commonwealth's April 8, 2005, Notice of Dispute Regarding Independent Auditor's Notice of Final Calculations – Notice ID: 0157; (3) Commonwealth's March 16, 2005 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0153; (4) Commonwealth's April 8, 2004, Notice of Dispute Regarding Independent Auditor's Notice of Final Calculations – Notice ID: 0139; (5) Commonwealth's March 15, 2004 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0130; (6) Commonwealth's presentation to the Independent Auditor on March 22, 2003, a copy of which has been provided to the Independent Auditor; (7) Certain SPMs' responses to the 22 questions posed by the Independent Auditor in Notice ID: 0137, dated March 31, 2004; (8) correspondence from Commonwealth and certain other SPMs dated January 30, 2004, March 4, 2004, March 29, 2004, and April 6, 2004; (9) a 30-day letter signed by Commonwealth and other SPMs dated November 18, 2003. All these materials are incorporated into this notice of dispute by reference.

Independent Auditor  
March 31, 2006  
Page 3

4. *Commonwealth Disputes The Independent Auditor's Failure to Provide Commonwealth With An Appropriate Adjustment for Payments to Previously Settled States.*

Without limiting its rights to dispute other aspects of the Independent Auditor's calculations and methodology, Commonwealth disputes \$4,209,068.24 of the Final Calculation, related to the Auditor's failure to provide Commonwealth with an appropriate reduction in MSA payments to reflect payments Commonwealth is required to make in one of the Previously Settled States, Minnesota. For the reasons stated in its March 16, 2006 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0185. Commonwealth should receive "the same Previously Settled States Reduction accorded to the OPMs." Miller & Wasden, Letter of December 29, 2004, at 1.

5. *Commonwealth Disputes the Independent Auditor's Change of Methodology in Relying on Net, Rather than Gross, Unit Volumes, to Calculate Payment Obligations.*

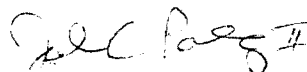
Commonwealth also disputes the Final Calculation related to the Auditor's change in methodology in computing MSA payments based on net, rather than gross, unit volumes of cigarettes, for the reasons stated in its previous correspondence on the subject.

6. *Commonwealth Disputes The Independent Auditor's Use of Information Underlying Calculation Of Total Market Volume.*

Commonwealth also disputes the Auditor's determination of the total market volume in 2005, for the reasons stated in its March 16, 2006 Notice of Dispute Regarding Independent Auditor's Notice of Preliminary Calculations – Notice ID: 0185.

We note that there may be other errors in the calculations and methodology not outlined here, and we reserve the right to dispute the calculations on other grounds not cited in this letter. The undersigned certifies that this Notice of Dispute is the five day notice pursuant to Subsection XI(d)(6) of the MSA, and has been delivered to the Independent Auditor and Notice Parties via facsimile this 31<sup>st</sup> day of March 2006.

Sincerely,



John Poling, CEO  
Commonwealth Brands, Inc.

Cc: All MSA Notice Parties